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# THE FARM INDEX

# September 1963

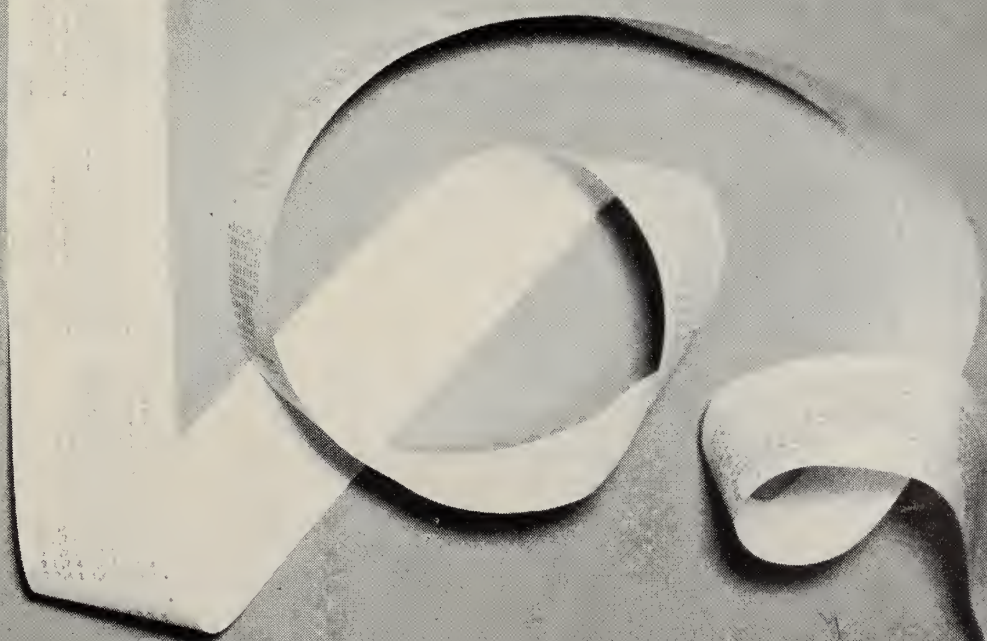
ECONOMIC RESEARCH SERVICE • U. S. DEPARTMENT OF AGRICULTURE

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**\$43 billion**  
FOR MARKETING



**also in this issue:**

THE NOT SO GOLDEN EGG CO-OPS  
FOR FUN U.K.IMPORTS: CIRCA '75  
FRYER IN AD = BIRD IN BASKET



# ECONOMIC TRENDS

Item	Unit or base period	'57-'59 Average	1962		1963		
			Year	July	May	June	July
<b>Prices:</b>							
Prices received by farmers	1910-14=100	242	243	240	240	241	245
Crops	1910-14=100	223	230	229	246	244	239
Livestock and products	1910-14=100	258	255	249	235	239	249
Prices paid, interest, taxes and wage rates	1910-14=100	292	306	305	311	311	312
Family living items	1910-14=100	286	295	294	297	298	299
Production items	1910-14=100	262	270	268	273	272	273
Parity ratio		83	79	79	77	77	79
Wholesale prices, all commodities	1957-59=100	.....	100.6	100.4	100.0	100.3	100.7
Commodities other than farm and food	1957-59=100	.....	100.8	100.8	100.5	100.7	100.9
Farm products	1957-59=100	.....	97.7	96.5	94.4	94.9	96.8
Food, processed	1957-59=100	.....	101.2	100.8	101.7	102.4	102.2
Consumer price index, all items	1957-59=100	.....	105.4	105.5	106.2	106.6	.....
Food	1957-59=100	.....	103.6	103.8	104.2	105.0	.....
<b>Farm Food Market Basket:<sup>1</sup></b>							
Retail cost	Dollars	1,037	1,067	1,068	1,069	1,075	.....
Farm value	Dollars	410	410	400	385	392	.....
Farm-retail spread	Dollars	627	657	668	684	683	.....
Farmers' share of retail cost	Per cent	40	38	37	36	36	.....
<b>Farm Income:</b>							
Volume of farm marketings	1947-49=100	123	136	126	112	109	123
Cash receipts from farm marketings	Million dollars	32,247	35,921	2,689	2,342	2,291	2,640
Crops	Million dollars	13,766	15,935	1,174	691	815	1,090
Livestock and products	Million dollars	18,481	19,986	1,515	1,651	1,476	1,550
Realized gross income <sup>2</sup>	Billion dollars	.....	40.8	.....	.....	40.6	.....
Farm production expenses <sup>2</sup>	Billion dollars	.....	28.2	.....	.....	28.6	.....
Realized net income <sup>2</sup>	Billion dollars	.....	12.6	.....	.....	12.0	.....
<b>Agricultural Trade:</b>							
Agricultural exports	Million dollars	4,105	5,034	402	506	413	.....
Agricultural imports	Million dollars	3,977	3,872	300	323	296	.....
<b>Land Values:</b>							
Average value per acre	1957-59=100	.....	118 <sup>3</sup>	120	123 <sup>3</sup>	.....	127
Total value of farm real estate	Billion dollars	.....	137.4 <sup>3</sup>	139.5	143.6 <sup>3</sup>	.....	148.1
<b>Gross National Product<sup>2</sup></b>							
Consumption <sup>2</sup>	Billion dollars	456.7	554.9	552.4	.....	579.6	.....
Investment <sup>2</sup>	Billion dollars	297.3	355.4	352.9	.....	370.4	.....
Government expenditures <sup>2</sup>	Billion dollars	65.1	78.8	79.6	.....	80.7	.....
Net exports <sup>2</sup>	Billion dollars	92.4	117.0	115.5	.....	123.8	.....
	Billion dollars	1.8	3.8	4.4	.....	4.8	.....
<b>Income and Spending:</b>							
Personal income, seasonally adj. annual rate	Billion dollars	.....	442.1	443.5	460.1	462.1	.....
Disposable income <sup>2</sup>	Billion dollars	321.3	384.4	382.7	.....	399.9	.....
Total retail sales, seasonally adjusted	Million dollars	.....	19,613	19,761	20,249	20,481	20,720
Retail sales of food group, seasonally adjusted	Million dollars	.....	4,801	4,835	4,857	4,937	.....
<b>Employment and Wages:</b>							
Total civilian employment, seasonally adjusted	Millions	.....	67.8	67.8	68.7	68.6	69.2
Agricultural, seasonally adjusted	Millions	.....	5.2	5.1	5.0	4.9	5.0
Rate of unemployment, seasonally adjusted	Per cent	.....	5.6	5.4	5.9	5.7	5.6
Workweek in manufacturing, seasonally adjusted	Hours	.....	40.4	40.5	40.6	40.6	40.6
Hourly earnings in manufacturing	Dollars	.....	2.39	2.39	2.45	2.46	2.46
<b>Industrial Production, seasonally adjusted</b>							
Manufacturers' Sales and Inventories:	1957-59=100	.....	118	119	124	126	127
Total sales, seasonally adjusted monthly rate	Million dollars	.....	33,260	33,400	34,870	35,130	.....
Total inventories, seasonally adjusted	Million dollars	.....	57,210	57,000	58,450	58,760	.....
Total new orders, seasonally adjusted monthly rate	Million dollars	.....	33,050	33,260	35,600	35,240	.....

<sup>1</sup> Average annual quantities of farm food products based on purchases per wage-earner or clerical-worker family in 1952—estimated monthly.  
<sup>2</sup> Annual rates seasonally adjusted second quarter. <sup>3</sup> As of March 1.

Sources: U.S. Department of Agriculture (Farm Income Situation, Market-

ing and Transportation Situation, Agricultural Prices, Foreign Agricultural Economics and Farm Real Estate Market Developments); U.S. Department of Commerce (Industry Survey, Business News Reports, Advance Retail Sales Report and Survey of Current Business); and U.S. Department of Labor (The Labor Force and Wholesale Price Index).



# THE AGRICULTURAL OUTLOOK

Agricultural production is expected to be about the same in 1963 as last year. Crop output may be slightly lower, but livestock production will increase.

Average income per farm during the first half of 1963 was about the same as a year earlier. Aggregate net income realized from farming in January-June 1963, estimated at a seasonally adjusted annual rate of \$12.3 billion, was down almost 3 per cent from a year earlier. But the decline in numbers of farms over the past year seems to have about offset the decline in aggregate income.

Realized gross farm income in the first half was estimated above the rate in January-June 1962 as a result of higher cash receipts from farm marketings and a continued high rate of government payments to farmers. But production expenses also rose through June this year, more than offsetting the gain in realized gross farm income. Farmers' outlays for the farm business were estimated about \$0.5 billion above the January-June 1962 rate.

Current operating costs account for most of the rise in production expenses over 1962. Taxes and interest on mortgages are rising steadily, and depreciation is increasing a little. Expenses for hired labor are about like last year, with reduced hiring offsetting higher wage rates.

Machinery and equipment investment is also higher—farm machinery shipments in the first half were up substantially from a year earlier and production rose about 3 per cent.

Higher feed expenditures are expected in 1963 . . . feeding of grains and other concentrates is about 1 per cent over a year earlier while feed grain prices are up about 5 per cent.

Unit costs of items farmers buy are running between 1 and 2 per cent more this year than in 1962. Feed, seed, motor vehicles and farm machinery unit costs are indicated up more than the average increase for all production items, while average unit costs of feeder livestock, fertilizer and building and fencing materials are lower.

Economic activity apparently was expanding moderately during the summer. The index of industrial production in July was up 7 per cent from a year earlier. Productive capacity and inventories were ample. Retail sales rose to a record high in June and July after changing little from the fourth quarter last year through the first half of 1963. Food sales continued rising and prices were up slightly from last year.

## COMMODITY HIGHLIGHTS

Red meat consumption likely will be 167 pounds per person this year, 3 pounds more (mostly beef) than in 1962. Continuing trend to beef may keep fed cattle prices in second half above second-quarter level, although below the relatively high year-earlier level. Price of feeder stock this fall may be somewhat below a year earlier. Upswing in cattle numbers—may be 3 per cent over last year—probably will continue another couple of years.

Hog prices this fall: Only a modest seasonal decrease is expected with average prices about like last fall. Size of fall pig crop will be important in deciding early-1964 hog prices. If farrow-

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ing intentions are carried out, a price decline, nearly to last winter's low, is likely; a significantly reduced pig crop would tend to hold prices up. Lamb prices, with reduced slaughter this year, likely will average slightly higher in the remainder of 1963 than year earlier.

Monthly milk production continues below year earlier and cow numbers keep declining . . . mid-year estimates showed 16.6 million milk cows, down 2.8 per cent from 1962. But dairy supplies exceed domestic and export uses: Stocks of manufactured products and cream (including butter oil) were record-high June 30 at 15.5 billion pounds milk equivalent, although first half accumulation of 2.8 billion pounds was 1.8 billion less than a year earlier and USDA purchases were down.

Broiler production may be large and producer prices low this winter, because of the buildup in the nation's broiler hatching-egg supply flock.

Egg production and prices in the second half are not likely to differ much from year-earlier levels. Farmers this year are expected to raise fewer chickens than ever for laying flock replacements—314 million, or 1 per cent less than in 1962.

The 1963 turkey crop may number 93 to 94 million birds, up from 92.3 million last year. Fall cold-storage stocks will probably be about the same as last year. Prices during the holiday season may approximate the year-earlier level.

Total supply of feed grains for 1963-64 is estimated at about 208 million tons, 7 million less than in 1962-63. Slightly greater disappearance is expected than in 1962-63 . . . so a further reduction in carryover is anticipated at the close of 1963-64.

If the outlook continues favorable for 1963 production, feed grain prices likely will decline seasonally in the next two to three months, and may average near the 1962-63 level this fall and winter.

The corn supply for 1963-64 is estimated at 5,138 million bushels, 147 million less than in 1962-63. Carryover may decline in 1963-64, but

probably by less than the reduction of 365 million bushels in 1962-63.

The supply of grain sorghum in 1963-64 is expected at about 6 per cent below 1962-63. The oat supply is down 4 per cent, and barley is down 3 per cent.

Estimated cotton disappearance during the 1963-64 crop year is 13.8 million bales, about 2.1 million more than estimated for 1962-63. The 1963 crop is put at 14.0 million bales, down from 14.9 million in 1962. Acreage allotments for 1963 were down 9.9 per cent from last year. Per acre yields for the 1963 crop are expected to be record high.

The 1963 wheat crop totals 1,151 million bushels, according to the August 1 Crop Report. Beginning carryover for the current marketing year was 1,189 million bushels. Total supply in 1963-64 is down substantially from the high level in 1960-61, and heavy disappearance is expected . . . so carryover next July 1 probably will be reduced for the third consecutive year.

These conditions point to strong prices for wheat during most of 1963-64 . . . toward end of year, however, prices will weaken with substantially reduced loan rate on 1964 wheat.

World wool situation at start of 1963-64 season: Carryover stocks relatively low, with expected consumption near highs of last three years; but record-high wool production and increasing use of man-made fibers is likely. Relatively stable wool prices are expected at levels moderately below the recent peak in June of this year.

Supplies of canned and frozen vegetables in the 1963-64 season likely will be moderately smaller than large amounts last season, because of expected smaller output for processing. However, stocks of most major items likely will be adequate.

Exports of unmanufactured tobacco are expected to show some gain over 1962, when they were the second smallest in eight years . . . flue-cured makes up about 80 per cent of tobacco exports. Flue-cured production for 1963 likely will be down 5 per cent from last year. Burley output may be up slightly, and supplies October 1 may be largest ever.





Poultry and eggs don't add as much to U.S. farm income as they used to despite the much larger quantities produced.

Output of poultry and eggs increased 35 per cent during the last decade. But prices declined so much that gross income (cash receipts plus the value of home consumption) went from \$3.6 billion to \$3.3 billion.

The one bright spot in the total income picture was broilers. From 1952 to 1962, the sale value went up about \$300 million. Gross income from turkeys remained essentially unchanged. The big cut was in returns from farm chickens and eggs—down roughly \$350 million and \$250 million respectively in the 10-year period.

In 1962, each product contributed to gross income as follows: eggs, 53 per cent; broilers, 32 per cent; turkeys, 11 per cent; and farm chickens, 4 per cent. A decade ago, the shares were: eggs, 56 per cent; broilers, 21 per cent; turkeys, 10 per cent; and farm chickens, 13 per cent.

By states, gross income from

poultry and eggs increased in 12 of the contiguous 48 from 1952 to 1962. Eight of the 12 are in a belt extending from Arkansas and Louisiana to North Carolina. The other four are Maine, California, Maryland and Arizona.

The biggest increases in income from poultry and eggs during the past 10 years occurred in Georgia, Alabama, North Carolina, Arkansas and Mississippi. States in the East North Central, West North Central and Middle Atlantic regions lost the most in returns during the period.

From 1961 to 1962, the story was a little better. Most likely because of improved demand, prices for poultry recovered somewhat from the extremely depressed levels of a year earlier. Producers' prices for broilers and turkeys rebounded sharply in 1962 while those for eggs, which were relatively favorable in 1961, dropped somewhat last year.

Producers of eggs in 48 states received an average of 33.6 cents a dozen in 1962 compared with 35.4 cents the previous year.

Broiler producers got 1.3 cents a pound more for their birds last year. Prices for broilers advanced to 15.2 cents, largely due to an increase in demand stemming from growth in population, expanded exports, larger government purchases, reduced slaughter of farm chickens.

The combination of improved prices and a 1 per cent increase in live weight production during 1962 boosted the value of broiler output to a new record of \$1,049 million, up \$102 million from 1961.

Turkeys also sold for higher prices last year. Farmers received 21.6 cents per pound compared with 18.9 cents in 1961. Although the number produced was cut 15 per cent in 1962 as the aftermath of overly depressed prices the previous year, the total supply of turkeys was down only 6 per cent due to the record carry-over in cold storage. Gross returns for turkeys were \$352 million in 1962, down only 1 per cent from 1961 despite the sharp cut in output. (1)



# Most Provisions in New Feed Grain Act for 1964 and 1965 Are Same or Similar to Those in Effect for Current Crop

In May 1963, the Congress and President Kennedy approved a new feed grain act. Although there are some differences between the new legislation and the law now in effect, many of the current provisions will be carried over into the 1964 and 1965 crop years.

The new law again provides for price support loans and payments, acreage diversion and diversion payments. The Secretary has announced total price supports at the same levels as in 1963. However, the loan rates were increased slightly and the payments reduced for the 1964 and 1965 crops. Price support loans are available on the total production of the participating farmer. Price support payments are made on his normal production.

The announced support rates for 1964 crops are: corn, \$1.10 per bushel in loan, \$0.15 in direct payment; barley, \$0.84 per bushel in loan, \$0.12 in payment; and grain sorghum, \$1.77 per hundred-weight in support, \$0.23 in payment.

The acreage diversion program is also similar to that of the 1963 act. The minimum diversion for price support or diversion pay-

ments is 20 per cent of the base acreage. The maximum has been raised to 50 per cent of the base. The base acreage used for determining the diversion rate for each producer will be the 1959 and 1960 average adjusted acreage on the farm.

Diversion payments have been changed somewhat. For diversion of the first 20 per cent of the base acreage, the payment will be 20

per cent of normal production on the diverted land times the county support rate.

For between 20 and 40 per cent of the eligible land diverted, farmers will receive payments on 50 per cent of normal production. Over 40 per cent, acreage diversion payments will be 50 per cent of the normal production of *all acreage diverted* (including the first 20 per cent) times the county support price.

The Secretary did not adopt the provision in the act allowing for substitution of wheat acreage for feed grains and vice versa. (2)

## WHEAT MEN STAGED COMEBACK WITH IMPROVED WEATHER

Commercial wheat farmers generally had a good year in 1962.

Net farm incomes for growers in the Northern Plains and Pacific Northwest were substantially higher last year, compared with 1961. These farmers made a comeback from the poor weather in 1961 with incomes above the 1957-61 averages.

Although net returns for producers of wheat and sorghum grain in the Southern Plains averaged lower in 1962, farm incomes in that area were well above the 1957-59 average.

The wheat producers had much more favorable weather last year than they did in 1961 when drought severely reduced crop output in some areas, particularly the Northern Plains. Except for the growers who were hit by the drought the previous year, wheat men harvested fewer acres in 1962.

Except for farmers in the Southern Plains, the producers all had higher yields—in some cases, 1962 production per acre broke all previous records.

Prices received for wheat were mostly higher too, as were prices of some other commodities marketed. As usual, prices paid and operating expenses crept up from a year earlier.

By region and type of farm, here are the average net returns for wheat farmers in 1961 and 1962:

*Pacific Northwest.* Net income on wheat fallow farms was \$15,734 last year, compared with \$12,084 in 1961. Producers of wheat and peas had returns of \$17,714 in 1962 and \$11,103 the previous year.

*Northern Plains.* Net farm income was at an alltime high for wheat - roughage - livestock operations in 1962. The average was \$9,815 compared with \$1,391 in 1961.

Producers of wheat, small grain and livestock reported quite an increase, too. In 1961, their net returns were only \$135 while last year \$11,081 remained after the expenses were paid.

For wheat-corn-livestock farms, net incomes averaged \$5,864 in 1962; \$5,307 the year before.

*Southern Plains.* In 1962, returns for winter wheat farmers in this area totaled \$11,260, slightly above the \$10,693 remaining in 1961. Income on wheat-grain-sorghum farms slipped from the high income level of a year earlier. Returns for 1962 were \$10,729, compared with \$13,400 in 1961. (4)

### Skilled Farm Hands

Highly skilled men who worked on farms as supervisors in 1961 earned \$11 a day—almost twice the amount of some unskilled farmhands. Supervisors worked longer too—283 days, compared with 93 days for the unskilled laborer.

But the difference in daily wages between persons with intermediate skills and unskilled farmhands was small—60 cents a day or less. Some unskilled workers earned less than \$3 a day. (3)



## Survey of Grain Bank Elevators in Four Midwestern States Indicates Package Servicing of Feed Is Popular With Farmers

It may not be called the First National, but a grain bank works about the same way. The farmer deposits his grain with a country elevator, withdraws an equivalent amount of mixed feed from his account when he needs it and pays a fee for the service.

Grain banks have been working so well that they are now widespread in four Midwestern states. According to a recent study by

the Purdue University Agricultural Experiment Station in cooperation with the Economic Research Service, the number of elevators in the Midwest that offer this package service is fairly substantial. Specialists estimate there were 2,300 elevators in Iowa, Indiana, Illinois and Ohio with grain banks in 1961.

Although the grain bank is a convenience to both the farmers

and the grain elevator operators, the device has been adopted as a means of meeting competition from large companies that sell prepared feeds directly to the farm.

Of the estimated 2,300 firms, 540 were selected for the study and asked to report on their operations. These elevators handled an average of 234,374 bushels of feed grains during 1961. Of this figure, 22 per cent was deposited in grain banks.

Roughly 85 per cent of the total feed grains handled by the elevators was corn; it equaled 80 per cent of the grain bank balance. The elevator men reported that 28 per cent of the oats, 52 per cent of the barley and 57 per cent of the sorghum they handled were deposited in grain banks.

The firms in the study produced an average of 5,474 tons of complete feeds in 1961—38 per cent from grain in banks. The charges for grinding and mixing grain bank feed were generally lumped in a single charge. The average cost to the farmer for grain bank services in the four-state area was about \$6.95 per ton of feed processed. In addition to grinding and mixing, the elevators often picked up the grain on the farm, shelled, dried and stored it, prepared the feed and delivered it.

All types of farm operations—hog, beef cattle, dairy, broiler, egg and turkey producers—used grain banks to some extent during 1961.

However, hog feeders had the biggest accounts—roughly two-thirds of the total tonnage of grain bank feed. Sixty-five per cent of the grain bank operators delivered mixed feeds in bulk. Since most large-scale hog producers have automatic feeders, bulk delivery is ideal for them.

Large-scale poultry producers could make good use of grain banks but haven't to any great extent because most of the feed mills don't have the accurate mixing equipment needed to blend ingredients used in poultry feeds. (5)

## COSTS OFFSET GAINS FROM IRRIGATION IN TEXAS STUDY

Irrigation increases yields several times over—and has the same effect on the cost of production.

For example, yields of irrigated wheat are almost three times what they would be on dryland farming in the upper Texas Panhandle, according to studies made by the Texas Agricultural Experiment Station in cooperation with the Economic Research Service. Yields of irrigated grain sorghum are more than five times the yields on dry farms.

But the costs leap up along with the yields.

The power needed for irrigated crops doubles. Labor triples. Seeding rates are doubled. And there is a much greater use of crop insurance—at higher insured values per irrigated acre—when the farmer turns to irrigation.

All these increases are quite aside from the water and the fertilizer used on irrigated crops.

Using 1961 prices as the basis for calculations, the study suggests that it would take wheat yields of nearly 30 bushels to make up for the added production costs that irrigation entails in the survey area. Yields for grain sorghum would have to average 27 hundredweight to cover the additional costs.

In the study area, it meant that

average to above-average yields were needed to break even when the investment in irrigation facilities exceeded \$100 per acre, or well capacities were under 450 gallons per minute, or where L.P. gas was used for pump fuel.

For the farms in the study, investment in irrigation facilities ranged from \$21 to \$162 per acre irrigated. The average was \$53 in 1960. The lower the capacity of the well, the higher the per acre development costs. The average annual overhead cost was about \$5.80 per acre irrigated.

The direct cost of pumping water is closely related to the price paid for fuel and well capacities. Using natural gas for fuel (at 30 cents per thousand cubic feet), the direct cost per acre-inch of water pumped was 25 cents for a well with a capacity of 1,500 gallons per minute. At 250 gallons per minute, the cost was 85 cents.

Fuel costs with L.P. gas are higher.

Winter wheat and grain sorghum are the principal irrigated crops in the upper Texas Panhandle. They occupy 95 per cent of the irrigated cropland. Grain sorghum is a relatively minor crop in dryland farms; it occupies about 40 per cent of the irrigated acreage. (6)



## More Grain and Other Concentrates Were Fed to Dairy Cows in 1962

In the 1962 calendar year, the total quantity of grain and other concentrates fed to dairy cows hit a new record of 21.6 million tons. The new total was 3 per cent above the 1961 figure.

Although the number of cows on farms declined again in 1962, the rate of feeding per cow increased enough to more than offset the downward trend. Dairy-men fed an average of 2,533 pounds of grain and other concentrated feeds per cow, 5 per cent more than the 1961 average. The increased feeding rate in recent years has been in line with the uptrend in milk produced per cow.

The quantity of feed grains and other concentrates fed per 100 pounds of milk output also has gone up—but at a slower rate than the increase in the quantity fed per cow.

Corn has been taking a larger share of the grain in dairy rations of late. The change is due to the relatively low prices for corn compared to other feed grains. As a result, corn was 36.7 per cent of the total concentrates fed in 1962 compared to 31

per cent in 1956.

An average of 31.9 per cent of the total dairy concentrates fed in 1962 were commercially prepared. However, from region to region the amounts of commercial feeds purchased vary a good deal. Dairy-men in the Midwest continued to rely largely on locally-produced feed for their cows during 1962 while farmers in the North Atlantic and western states bought more commercially prepared dairy rations. By regions, the proportion of commercially-mixed feeds in the total concentrates fed were: East North Central states, only 7.7 per cent; West North Central, 12.7 per cent; South Atlantic, about 37 per cent; South Central, 46 per cent; North Atlantic region, nearly 60 per cent; and western states, 66 per cent. (7)

## Total of 157 Million Tons of Feed Fed to Livestock During 1962-63

As the 1962-63 feeding year nears the September 30th closing, a new annual record of about 157 million tons fed is in prospect. This total is roughly 3 per cent above the 1961-62 figure.

The total quantity of feed grains and other concentrates fed to livestock appears to have held at an especially heavy rate during the last six months.

The increased feeding of concentrates has been largely the result of greater numbers of livestock on farms rather than heavier feeding per animal this year. The rate of feeding per livestock unit leveled off during the past two years following a sharp increase from 1956 to 1960.

The halt in the upward trend of feeding rates has been at least partly the result of the rise in prices for feed and the drop in prices for livestock. These factors have combined to make the feed-price ratios less favorable, particularly for cattle and hog producers. (9)

## Dollar Volume of Farm Mortgages Shows Gain in '62 Fourth Quarter

The dollar volume of loans made by the federal land banks, 20 life insurance companies and the Farmers Home Administration totaled \$378 million in the fourth quarter of 1962, 21 per cent more than was lent in the corresponding quarter of 1961.

From the third to the fourth quarter last year, the lending volume of FHA nearly doubled, life insurance loans were up 27 per cent and federal land bank lending increased 19 per cent. Of the \$80 million in direct loans made by FHA during the fourth quarter of 1962, \$78 million was for rural housing including mortgages on nonfarm property.

The exceptionally large volume of lending by FHA during the fourth quarter resulted from a backlog of demand for rural housing loans and a large number of commitments from the previous three-month period.

For all of 1962, loans made by the three lenders increased 12 per cent over the previous year's total. Outstanding mortgage debt held by these three sources of long-term farm credit gained 9 per cent from 1961 to 1962. The volume of loans with interest overdue or mortgages foreclosed remained very small.

The average size of new loans made by the federal land banks during 1962 was \$14,030—up 9 per cent over the 1961 average. The life insurance companies granted loans averaging \$25,590, an increase of 8 per cent.

Interest rates on the life insurance mortgages were 5.78 per cent in the fourth quarter, little changed from either the third quarter 1962 or the same quarter a year earlier. However, two of the federal land banks reduced their interest charges temporarily from the 5.5 per cent contract rate—to 5 per cent and to 5.2 per cent. (10)

### From Hen to Home

Fresh eggs are with us in abundance all year 'round—but, it wasn't always quite that way. Even as recently as the early 1950s, many eggs produced in the spring stopped over in cold storage on the way from the farm to the consumer.

Today, egg production and prices are fairly steady throughout the year, so storage has become less profitable and almost unnecessary. The net storage buildup of eggs during 1962 amounted to only 2.4 million cases, about equal to 4 per cent of production in the second quarter. The figure for 1950-52 was 6.6 million cases. (8)



**WHO HOLDS THE MORTGAGE?** And who held it 10 years ago? Almost the same lenders, according to the figures. Although the federal land banks and commercial banks exchanged places and the Federal Farm Mortgage Corporation dropped out of the picture, the remaining sources of mortgage credit kept their positions during the 10-year period. Individuals and other nonreporting lenders ('other' in table) held the largest share of all farm mortgage debt on January 1, 1962. The life insurance companies were in second place, followed by the federal land banks. Commercial and other operating banks and the Farmers Home Administration were fourth and fifth, respectively. On June 30, 1955, the few remaining loans of the Federal Farm Mortgage Corporation were sold to the federal land banks. Total farm mortgage debt doubled during the decade as land values and farmers' credit needs mushroomed. (11)

Holder of debt	January 1, 1952	January 1, 1962
One thousand dollars		
Life insurance companies	1,541,874	3,161,757
Federal land banks	1,994,128	2,802,275
All operating banks	1,046,923	1,784,619
Farmers Home Administration	240,809	566,175
Federal Farm Mortgage Corporation <sup>1</sup>	32,778	
Other	2,805,815	5,576,049
<b>Total</b>	<b>6,662,327</b>	<b>13,890,875</b>

<sup>1</sup> Authority to make new loans, except incidental to liquidation of existing debt, expired July 1, 1947.

## 24 of 39 Major Types of Farms Reported Higher Returns for 1962

In 1962, net farm incomes were higher than a year earlier on 24 of the 39 major types of farms in the U.S. Operators either produced more or received higher prices for the foods and fibers they sold. Some had higher returns due to both factors.

### More Food Per Hour

Within the last decade, total production per hour of labor on U.S. farms doubled. The increase in output per man-hour for crops was twice that for livestock.

The reduction in labor used for crops was due largely to the gain in production per acre from 1950 to 1960. The higher yields resulted in a 25 per cent increase in total production, despite a 6 per cent cut in crop acreage over the 10-year period.

Although not as substantial as the gain in crop output, livestock production increased 18 per cent from 1950 to 1960, even though breeding animal units were reduced 5 per cent. (13)

The greatest change in income from 1961 to 1962 occurred on farms producing wheat, small grains and livestock in the Northern Plains. Net incomes for these operations bounced back from an average of \$135 per farm in 1961 to \$11,081 last year. Income in 1961 was the lowest since 1937 because of severe drought in the Northern Plains.

The largest decline in income last year was 49 per cent—a cut that hit nonirrigated cotton farmers in the Texas High Plains. However, when compared to average income levels instead of 1961 returns, the drop was not so severe. Incomes on these farms were record high in 1961.

Changes in operating expenses from 1961 to 1962 also varied widely. On the 24 types of farms with higher returns, expenses were up for 20 of the farm types and lower for four of them.

Eight of the farm types with lower 1962 incomes reported increases in output. However, with increased operating expenses and lower prices received, returns were trimmed back from 1961 figures.

For all U.S. farms in 1962, realized gross income set a new record of \$40.6 billion. This was nearly \$750 million above the total for 1961. Higher prices received accounted for most of the increase.

Government payments also were higher in 1962. Payments averaged \$200 million over the total paid in 1961 mostly because of the feed grain and wheat programs.

Larger inventories of livestock on farms during 1962 increased the net value credited to farmers by about \$145 million above the 1961 total.

Production expenses for 1962 moved up \$650 million from the previous year. This increase offset most of the \$750 million gain in gross income. Higher prices paid for most production items and services were responsible for the bigger bill.

Total net income for all farms remained at the 1961 level of \$13 billion last year. However, the number of farms dropped 3 per cent in line with the long-term trend. Consequently income per farm increased about the same amount. Total net income per farm averaged \$3,537 last year compared with an average of \$3,422 in 1961. (12)

### Traveling Dollars

Rural communities thinking about recreation as a source of added income might consider this figure: \$20 billion is spent by Americans every year for travel. The money is spent on accommodations, entertainment, food, beverages, and sporting goods, as well as transportation, gasoline, oil and the like. By its nature, travel brings money into a community. Once the travel dollar arrives, it circulates through all the local businesses, ending up as a benefit to everyone in the area. Florida, California and Arkansas lead the list of states gaining from travel money. (14)



*The Buckeye state scores first  
in organizing county associations to spur  
city interest in farm vacations*

## CO-OPS FOR FUN

"Since we always have guests anyway, we thought it would be a good idea to earn some money instead of spending so much every summer."

This is a typical comment among Ohio farm wives who are participating in a new business venture that is paying off.

Farmers in many states have opened their homes to vacationers from the city. But Ohio seems to be the only state where farm families have actually organized associations to promote this part-time business.

The idea got started in 1959 in Monroe and Belmont counties, a hilly farm region in eastern Ohio where factory and other off-farm jobs are scarce. Looking for a way to stimulate the economy, local leaders helped interested farm families set up the Switzerland of Ohio Farm Vacation Association.

Help came from all sides. The county extension agent helped association members work up an advertising brochure describing what their farms could offer city-weary vacationers. A garage mechanic designed a tourist map showing scenic back roads and historic sites. Insurance company representatives came to association meetings to explain the liability insurance needed. And other spokesmen pointed out various ways members could get their farms ready for paying guests.

Like any new enterprise, business was slow the first year. At the end of the season the association sent questionnaires to the people who had come, asking them what they liked and what they didn't like about their farm vaca-

tion. Most commented on the charm of rural life, but some suggested that more farms have horseback riding and swimming facilities.

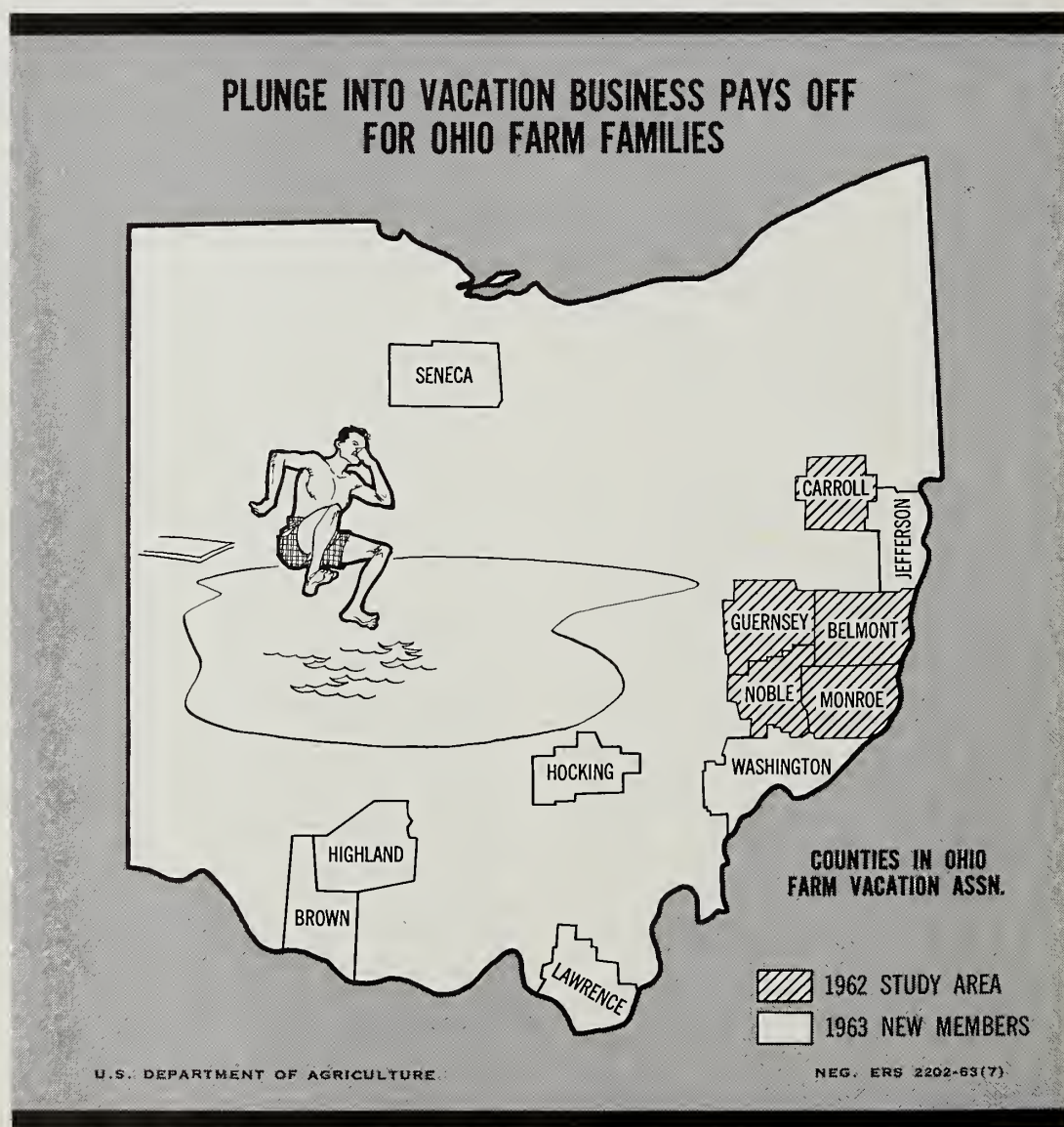
Members used the questionnaires as a guide in improving their facilities for the next season.

By 1961 three adjoining counties had set up similar farm vacation associations. Today associations in 12 counties promote holidays-down-on-the-farm. Today too there is a state-wide asso-

ciation to help local groups with their advertising. The state association requires that farms offering paid vacations have their water, food and sanitary facilities approved by the local health department.

The Ohio Division of Travel and Recreation prints the state association's brochure and distributes it at travel and sports shows. The Travel Division also mails the folders to people who write in for tourist information about Ohio.

Estimates of net income—returns after expenses are paid—from farm vacation enterprises range from \$150 to \$1,500 a year for families in business two years or longer. Extension agents say this added income has helped the whole community. Guests have used local drugstores, restaurants and gasoline stations. (15)





## Many Farmers Now Need a Three-Pronged Insurance Policy; It Provides Legal Advice and Pays the Damages in Lawsuits

When a hunter bags another hunter instead of a pheasant, or one swimmer executes a swan dive on top of another, who pays the damages?

The answer may well be the farmer who opened his property for public recreation. And about the only way he can protect himself from a judgment is through insurance.

The increasing demand for outdoor recreation enables many farmers to earn extra money by providing facilities for hunting, camping, fishing, swimming, and picnicking. But when the farmer opens his gates to the public, he is also letting in an added range of legal responsibility.

For example, a farmer can be held legally responsible for injuries his paying guests receive while on his property. Under the law the farmer must exercise "reasonable" care to protect the lives and property of others while they are on his land. But the degree of care required may be difficult to define, and even if a farmer is proven innocent of negligence in a lawsuit, he still has to pay the lawyer's fee.

The basic insurance contract that covers the farmer's legal liability to the general public is the "owner's, landlord's, and tenant's (OL&T) policy." This policy provides legal aid to the farmer and pays damages awarded by the court—up to the limit of the policy.

Under it, commercial enterprises such as archery ranges, boats for hire, skeet- and trap-shooting ranges, and ski lifts, as well as farms, may be covered with rates varying by enterprise and by state. In most instances the premium cost depends on the risk involved.

Some activities such as operating a vacation farm, camping,

picnicking and hiking have not yet been classified. Rates for these activities would have to be judged individually.

For example, a riding stable in Maryland with 25 horses and three instructors that nets \$20,000 a year pays a premium of \$283 annually. In Connecticut, a dairy farm with 52 lakeside acres providing for fishing, boating, picnicking, basketball, and a play area for children pays a \$200 premium a year on its receipts of \$2,000.

Each case is different. That's why the farmer should contact his insurance agent to get more definite information regarding premium rates. (16)

### Recreation Endeavor Makes Farmer Liable in Possible Claims for Injury

A farmer today may be able to make more money by adding recreational facilities to his farm business. For a fee, the farmer shares his property with hunters, campers, fishermen and others, but he also incurs the responsibility to provide for the safety of his customers.

A stranger on the farm arrives as an "invitee," a "licensee," or a "trespasser."

An invitee is a person who comes on the land with the farmer's permission and who benefits the farmer in some way. A licensee is a person who comes on the land with the farmer's permission for his own purposes.

It's up to the farmer to exercise ordinary care in preventing injury to anyone on his property. If a hunter who is an invitee, for example, falls into a concealed trench silo and is injured, he can sue the farmer. The farmer should also warn all persons on his land of any dangerous activity such as

dynamiting or the presence of dangerous animals.

Although a licensee assumes the risks of normal farm activity in crossing the land, he may sue the farmer if injured by an inherent danger on the land if the farmer failed to warn him.

Even trespassers have rights. For example, under the Attractive Nuisance Doctrine, if a child is attracted to the land by a piece of machinery and is injured while playing with it, the farmer may have to pay the damages. But the thing causing the injury must be inherently dangerous. Ordinarily, a pile of lumber or a pond is not considered to be inherently dangerous.

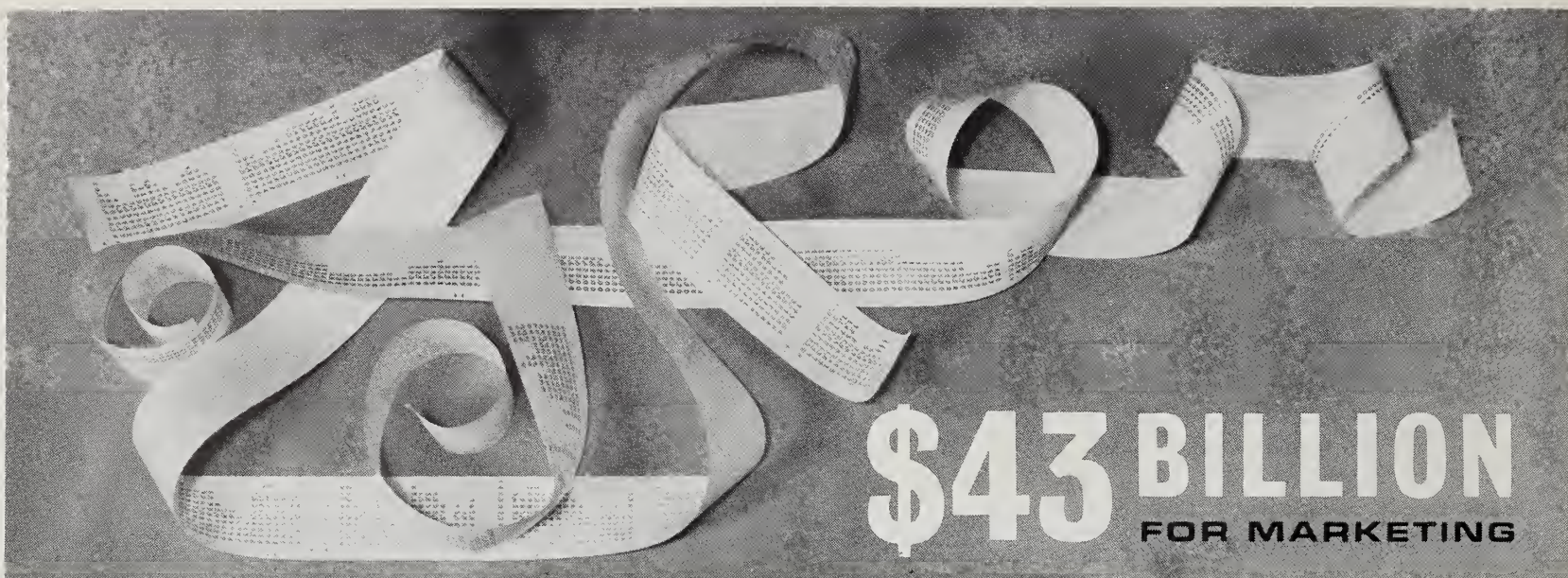
A lawsuit can wipe out a farmer's life savings. However, there are several ways a farmer can transfer or limit his personal liability. These include: posting notices of dangerous conditions, excluding unwanted guests, incorporation, and liability insurance.

The first two limit the chance of injury. The third, incorporation, limits the amount of money the farmer has to pay in event of a lawsuit. Insurance transfers the risk.

Because of the complications in laws and because laws often differ in the various states, farmers should consult an attorney before opening recreational facilities on the farm. (17)

- • • • •
- **Tourist Attraction** •
- Reservoir lakes can turn into •  
• magnets for recreation dollars. •  
• An Arkansas study compares the •  
• income growth for six counties •  
• in the northern part of the state •  
• —three of them were the loca- •  
• tion of dams and reservoirs built •  
• between 1944 and 1952. Per •  
• capita income for the "reservoir" •  
• counties increased 57 per cent •  
• from 1949 to 1959, compared •  
• with 23 per cent for the other •  
• counties. (18) •
- • • • •





When the final item was sold at the foodstores and the last restaurant bill was paid at the close of business 1962, Americans had spent \$64.3 billion on domestic farm foods. Some \$42.9 billion of the total paid the marketing bill.

Though the 1962 marketing bill was 3 per cent greater than the 1961 level, the increase was less than the average annual increase of 4 per cent for the past 10 years.

Most of the 1961-62 increase was due to the greater volume of food handled by the marketing system. The remainder was the result of higher unit marketing charges.

Between 1961 and 1962, the farm value of the foods rose 2 per cent, equaling the average annual increase for the past five years.

Prices at the retail foodstore increased something less than 1 per cent from 1961 to 1962 though prices of food eaten away from home were up 3 per cent.

The biggest slice of the marketing bill pays for the direct labor costs related to marketing domestic farm foods. Such labor costs amounted to \$19.4 billion in 1962, or nearly half the total.

The cost of labor was up 4 per cent from 1961, and about 15 per cent above the 1957-59 average. The 4 per cent increase in

1962 was due equally to a rise in the volume of products marketed and a rise in the labor cost per unit of product.

Workers' hourly earnings were up almost 4 per cent from 1961 and 16 per cent from the 1957-59 average. Unit labor costs rose less because output per man-hour continued to increase.

Charges for transportation within the marketing bill are tentatively estimated at \$4.3 billion in 1962, up 10 per cent from the 1957-59 average.

Profits before taxes of corporate food marketing firms amounted to \$2.1 billion in 1962, up \$100 million from 1961. Since 1952, corporate profits have risen 50 per cent, or at about the same rate as the increase in the total marketing bill. As a result, profits represented about 5 per cent of the total in both 1952 and 1962. In 1962, profits after taxes were 48 per cent of profits before.

Manufacturers took the largest portion of the total corporate profits before taxes—60 per cent of the total. Retailers had the next largest share; wholesalers the smallest.

The remainder of the marketing bill is made up of a miscellany of noncorporate profits and other costs such as advertising, depreciation and transportation.

Some major items within this

group are advertising, depreciation, interest, business taxes, rent, repairs, contributions, bad debts and noncorporate profits. These items totaled \$5.3 billion in 1961, the latest year estimated.

Advertising and depreciation were the largest items. In 1961, advertising accounted for about \$1.3 billion and depreciation for about \$1.2 billion.

Each of the estimated cost items increased between 1947-49 and 1961. Rent was up 222 per cent during the period, reflecting a greater use of rented equipment and to some extent increased prices. Depreciation, up 208 per cent, followed the growth in depreciable assets and higher depreciation allowances. Interest rates were higher by 190 per cent as the result of increased capital requirements and to some extent higher interest rates. For the other items increases were: Advertising, 174 per cent; taxes, 128 per cent; repairs, contributions and bad debts, 117 per cent.

The marketing bill is the difference between total expenditures by civilians for domestic farm foods and the farm value or payment that farmers received for the equivalent farm products. It is an estimate of the total charges for transporting, processing, wholesaling and retailing farm foods. (19)



## THE COST OF MARKETING OUR FARM FOODS

Year	Total marketing bill <sup>1</sup>	Farm value	Civilian expenditures for farm foods
Billion dollars			
1929	9.7	7.2	16.9
1930	9.9	6.4	16.3
1931	8.6	4.7	13.3
1932	7.5	3.4	10.9
1933	7.3	3.6	10.9
1934	7.5	4.3	12.1
1935	7.3	5.0	12.6
1936	8.2	5.8	14.0
1937	8.1	6.0	14.1
1938	8.4	5.2	13.6
1939	8.6	5.2	13.8
1940	9.1	5.6	14.7
1941	9.9	7.1	17.0
1942	11.7	9.3	21.0
1943	12.6	11.4	23.8
1944	13.3	11.6	24.4
1945	14.9	12.6	26.8
1946	18.3	15.7	33.5
1947	20.7	18.7	39.4
1948	22.9	19.3	42.2
1949	23.9	16.9	40.8
1947-49 av.	22.5	18.3	40.8
1950	23.9	17.6	41.5
1951	26.4	20.0	46.4
1952	28.3	19.8	48.1
1953	29.2	19.1	48.3
1954	30.0	18.4	48.4
1955	32.0	18.3	50.3
1956	33.7	18.7	52.4
1957	35.2	19.5	54.7
1958	36.8	20.8	57.6
1959	39.2	20.0	59.2
1957-59 av.	37.1	20.1	57.2
1960	40.5	20.7	61.2
1961	41.8	20.9	62.7
1962 <sup>2</sup>	42.9	21.4	64.3

<sup>1</sup> Difference between civilian expenditures and farm value except that federal processor taxes have been deducted for 1933-35 and allowances for federal government payments to processors have been added for 1943-46. Data for 1930 and 1952-60 have been revised.

<sup>2</sup> Preliminary.

Estimates in this table do not cover Alaska and Hawaii because of inadequate data.

## Cost Study Shows Beef Price Drop Partially Absorbed by Meatpackers

When fed steer prices dropped sharply last fall and winter, it was widely supposed that an increase in packers' price spreads would result. But it seemed not to materialize for at least one group of packers, according to a recent ERS report analyzing their costs for the periods October-December 1962 and January-March 1963.

While the average cost to this group of packers for live cattle declined by \$1.16 per 100 pounds dressed weight during this time, the value of the dressed carcass dropped even more—\$1.30 per 100 pounds.

When diminished sales revenue from byproducts is considered, the total decline in income to the packers was \$1.45 per hundred pounds.

## BENEFITS AROUND THE EDGES SKIRT TAXES, PROTECT FUTURE

Like the surrey with the fringe on top, nonwage benefits have become the trim that catches the eye of workers and employers as well.

In the food marketing industry, fringe benefits other than pension plans have gone up faster than wages and salaries. Benefits include such things as hospitalization, insurance and welfare funds. For food industries covered in 1960, pension plans accounted for 56 per cent of the total cost of fringe benefits.

In one segment of the industry—food manufacturing—the price tag on fringe benefits other than pension plans went up 153 per cent from 1954 to 1960. During the same period wages and salaries increased 26 per cent. Benefits were larger relative to number of employees than in the other two segments—wholesaling and retailing—because companies were bigger and probably had a

larger union membership. Overall costs to the packers remained roughly equal for the two periods. Total operating costs were up about six cents. They rose from \$1.05 to \$1.11 due to the wider range of selling dressed beef necessary to move the sharply increased supply.

An old rule of thumb for meatpackers' costs was brought into question in this study. In past years it was generally expected that packers' costs for live cattle would be matched by the income from the sales of dressed carcasses. Operating expenses were to be covered by the value of the byproducts. Due to a long-term drop in their prices, however, byproducts now cover little more than shipping and delivery costs.

Finally, out of the consumer price of roughly 80 cents a pound for choice fresh beef during the spring of this year, 60 per cent was received by farmers, less than 10 per cent by packers. (20)

larger union membership.

More and more unions are negotiating with management for increased fringe benefits rather than wage hikes.

Employees often come out better this way in the long run. While higher wages are subject to higher taxes, fringe benefits are not.

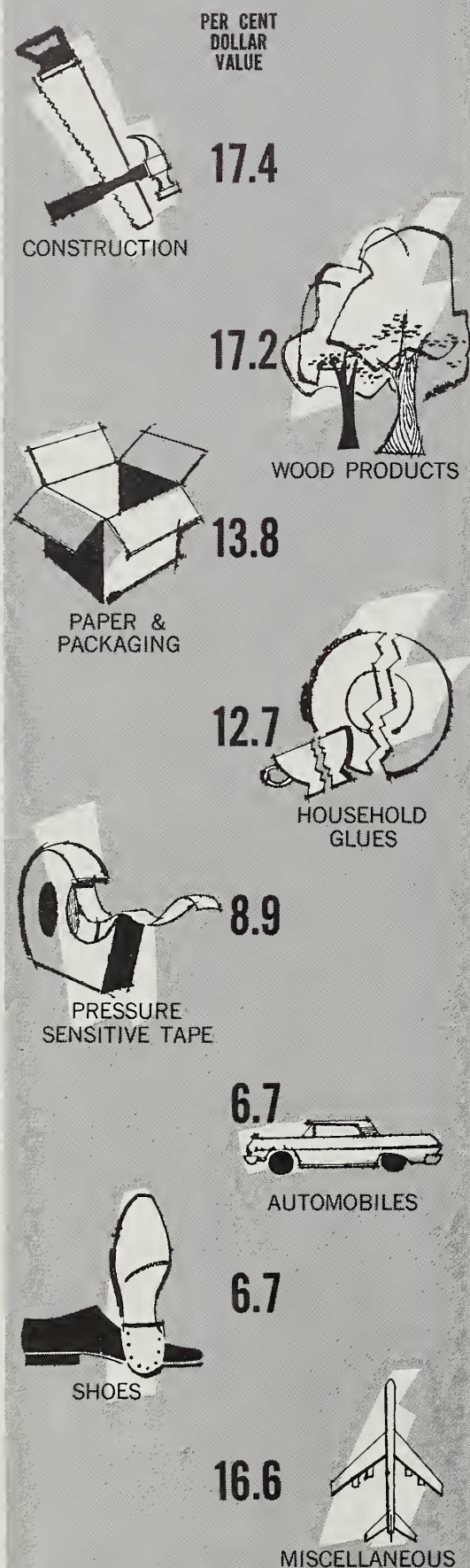
Management finds that increasing fringe benefits rather than wages has corporate advantages. It bypasses higher company costs for social security and the pyramiding effect of time-and-a-half and double-time premiums based on higher wage rates. Moreover, long-term benefits tend to keep employees on the job, increasing net productivity and lowering recruitment costs.

Among employees, objections tend to come mainly from young men with families who prefer higher take-home pay and women who are not interested in long-term career advantages. (21)



# TIES THAT BIND

ADHESIVE USE BY INDUSTRY-1960



USDA

NEG. ERS 2203-63(7)

## Chemistry's Magic Would Split Personality of Farm Adhesives By Adding Qualities of Synthetics in Bid for New Markets

Much of America is literally stuck together.

Adhesives seal our buildings against the elements. They are essential components in making furniture and prefab homes, in shoes and jet planes and automobiles.

Today the U.S. adhesive industry turns out binding agents valued at \$450 million a year. Such agents have traditionally been animal glue, casein, natural gums and starches and other farm-derived products.

But synthetics such as the thermoplastics, epoxies and other resins, usually stronger and more water resistant, have taken more and more binding jobs away from nature's adhesives.

The synthetics have taken a large share of uses in manufacture of such products as automobiles, plywood and furniture, shoes, tapes and labels, folding and set-up boxes and the repair "glues" used every day in the American home.

But the natural farm-derived adhesives have a number of built-in advantages. They are low in cost, readily available, nontoxic, easy to handle, and moderately heat resistant. Also, they can be remoistened.

With these advantages the natural adhesives, used alone or in combination with synthetics, are still the major binding element in corrugated board, paper bags and envelopes, fiber drums and tubes, hardboard, nonwoven fabrics and bonded abrasives. And of course the giant construction industry, top adhesive user at 570 million pounds in 1960, employs almost every type of binder, natural and synthetic.

To help farm-derived adhesives compete more effectively with synthetics in a number of industries, the Department of Agricul-

ture is working on ways to give them more of the characteristics of the synthetics.

Nature's properties can be improved in the laboratory. Economists recommend that laboratory researchers change the molecular structure of starch and the proteins to make stronger and more water resistant adhesives.

Work is also recommended on hot melts based on starch to improve this adhesive's method of application, tack, toughness, solubility in organic solvents and reduced sensitivity to water.

Such hybrid adhesives would undoubtedly be a boon to the construction industry, among others. Particle board, for instance, is made by combining sawdust and small wood particles with adhesives under pressure. Now mostly synthetics, the adhesive binders alone account for 30 per cent of the total weight of particle board. A tough, moisture-resistant starch hybrid replacing more expensive synthetics would considerably lower manufacturing costs, benefiting not only the farm producer but the home buyer as well. (22)

## 1962 Paint Production Up From 1961 But 10 Per Cent Below 1955 Record

Last year U.S. production of paints, varnishes, lacquers and enamels was slightly higher than in 1961. This was still 10 per cent less than the 1955 record.

That 1955 remains a record year for paint production despite heavy construction activity since then is due to two developments.

First, surface coatings have been constantly improved during this time. They now last longer and go farther.

Second, there has been greater use of exterior building materials



that do not require paint. Demand for interior paints, on the other hand, has increased since 1955.

A third development has resulted in decreased use of agricultural fats and oils by the paint industry.

This has been the shift away from the use of a drying-oil base for paints to a base that uses synthetic resins. The synthetic resins, in turn, may or may not contain a drying oil. Those that do are called alkyds. Those that don't are latex-emulsion types. Even alkyd-based paints, however, use less oil per gallon than paints that use drying oils directly as a base.

In 1962, fats and oils used in all drying oil products totaled 0.9 billion pounds; this was 0.3 billion pounds below the 1950 record but slightly more than in 1961. All but 15 per cent of the drying oil products were paints, varnishes, lacquers and enamels. The remaining 15 per cent went into floor coverings, oil cloth and miscellaneous products.

Kinds of oils used in all drying oil products are listed below, along with the proportion they were of the total of such products in 1962:

<i>Oil</i>	<i>Per cent</i>
Linseed .....	43
Soybean .....	19
Tall .....	12
Castor .....	8
Fish .....	8
Tung .....	4
All other .....	6

Use of linseed oil as a drying oil was up slightly in 1962, arresting a downtrend in its use in recent years. Two newly developed products may have helped to buoy its popularity.

One is a linseed-oil-in-water emulsion paint for exterior use.

The other is a protective coating for concrete that contains a linseed oil anticrumbling compound. (23)

## Food Manufacturers Are Generally Satisfied with Egg Products But Name Several Areas Where There Is Room for Improvement

The confectioner . . . the baker . . . the premix manufacturer . . . and the noodlemaker—each represents a segment of the food manufacturing industry that makes wide use of egg products.

How to provide the kind of egg products needed and thereby keep these good customers satisfied was the gist of a survey conducted recently by the Economic Research Service.

Selected food manufacturers—333 of them—told interviewers the forms of eggs they used, how they used them, how well processed products in their present form suited their needs, what improvements they wanted.

They also answered questions about use of egg substitutes.

Of the four segments studied, bakers use the most eggs. Confectioners are a sizable market for egg whites. Premix manufacturers use dried eggs almost exclusively. Food manufacturers in the fourth group—which includes such miscellaneous firms as makers of noodles, salad dressings and baby food—use mostly frozen and shell eggs.

Most of the firms surveyed said they had made no changes in the use of eggs in the past five years. Changes that had been made most often were shifts from liquid eggs to dried eggs or from frozen eggs to dried eggs.

Short-term changes in egg prices usually did not affect the amount of processed eggs used or the price of end products. Only after egg prices have been higher for a long period do manufacturers make or look for substitutions.

Dried egg products and premixes that contain eggs are likely to increase substantially in the future, judging from the survey.

Independent egg processors

were the most important suppliers of egg products to the manufacturers surveyed.

Other suppliers were farmers or farmers' cooperatives, brokers, wholesalers and jobbers. National firms and local firms were of about equal importance.

Generally, food manufacturers are satisfied with egg products.

Some of the areas in which improvement could be made, however, are: Supply-price stability of egg products; standardization of quality; packaging and containers; handling and convenience of use aspects; functional properties of the products.

Food manufacturers are becoming increasingly aware of costs associated with the use of an ingredient.

With high wage rates prevailing in many areas, in-plant handling costs for individual ingredients are being carefully evaluated by many users.

Therefore, in addition to maintaining product costs at competitive levels, the egg industry must make its products convenient.

Dried eggs are an example of an ingredient's gaining increased acceptance by food processors largely because of handling convenience and less waste. Bulk handling of liquid eggs is another way manufacturers who use large amounts of eggs are reducing egg handling costs.

Since World War II, liquid, frozen and dried egg products have been improved considerably. Simultaneously, however, improvements have also been made in egg substitutes.

This threat to the egg industry can be countered by tailoring egg products as closely as possible to the needs of the food manufacturing industry. (24)



## Hope for Repopularizing Leather Use In Improved Handling and Marketing

One of the nicest things you can say about a shoe—"It was made from leather produced in the United States."

Leather is the traditional shoe material. Our native leather ranks with the best in the world, and supplies are far from limited.

Yet—leather is not even holding its own as a material for shoes made in this country. Since World War II, the production of shoes made with leather has increased less proportionately than the U.S. population. The percentage of shoes made of non-leather materials, on the other hand, has increased.

Leather has also been losing out as a material for luggage, wallets, handbags and similar articles.

Specialists of the U.S. Department of Agriculture are seeking ways to help the hide and leather industry make its product more competitive in quality and price with substitute and imported products. It is likely that such improvements must be found in the handling and marketing oper-

ations. The first step—the production of hides—offers little opportunity for improving either quality or price.

Raising the volume of hides cured daily would of course cut costs per hide. In some areas several firms have consolidated their curing operations to increase volume.

Increased volume may also permit a plant to shift to the less expensive agitated brine method of curing hides.

The chief saving in the agitated brine method is in the lower cost of labor. Labor costs may also be cut by improving building and plant layout and by paying workers by the piece.

In the tanning of leather and the manufacture of shoes, the hope for making leather more competitive with substitute materials apparently lies in research.

Other opportunities for increasing hide or leather consumption in the future lie in promotional activity to penetrate new markets, including sales abroad.

In recent years the United States has shifted from a net hide-importing nation to the world's second largest hide-exporting nation. (25)

## Modified Break-Even Analysis Method Helps Meatpackers Restore Profits

When a meatpacker's margin on fresh beef dwindles or disappears—what can he do to recoup?

Perhaps his accountant can help with the answers.

Tested recently as part of a current study by the Economic Research Service was a modified method of break-even analysis of costs, earnings and volume for packers' fresh beef operations. This modified method to fit special conditions of meatpacking was developed with a group of meatpacker accountants.

Conventional break-even analysis may be of limited help to packers. It shows costs and earnings as straight lines from lowest to highest volume. But records of packers studied showed that costs and prices for livestock and meats are sensitive to changes in volume.

The modified method allows prices and costs to change. With increasing volume, prices decreased for meat sold and increased for livestock purchased. Costs changed also with volume—in patterns that differed for buying and selling, processing and delivery.

Whereas the old method indicates steadily increasing profits with additional volume, the new method shows how volume may be pushed too high and cause profits to disappear. It accomplishes three main goals.

1. Shows the top and bottom limits of the range of volume that will result in profitable operations.

2. If used with direct-cost pricing, shows the extent of contribution to overhead being made by a product or department when its earnings do not cover costs in full.

3. Indicates the limits to adjusting volume as a means of restoring earnings lost in a cost-price squeeze. (26)

### FROM HEAD TO HIDES

Year	Total U. S. cattle slaughter	Hides	
		To domestic buyers	Net exports
	Million head	Million hides	
1954	25.9	21.2	4.7
1955	26.6	21.1	5.5
1956	27.8	22.8	5.0
1957	27.1	20.7	6.4
1958	24.4	19.4	5.0
1959	23.8	20.7	3.1
1960	26.0	19.4	6.6
1961	26.5	19.1	7.4
1962 <sup>1</sup>	26.9	20.2	6.7
1963 <sup>2</sup>	28.3	20.0	8.3

<sup>1</sup> Preliminary. <sup>2</sup> Forecast.



# PROJECTIONS TO 1965 AND 1975 SHOW U.K. SHOULD TAKE MORE U.S. WHEAT AND LARD

Imports by commodity	Average		Import projection			
			1965		1975	
	1955-59	1960-62	High	Low	High	Low
Thousand tons						
Wheat, total	4,470	3,986	4,890	4,640	4,620	4,270
from U.S.: actual	708	1,315				
based on 1955-59			782	742	739	683
based on 1960-62			1,614	1,531	1,525	1,409
Corn, total	2,050	3,601	3,450	2,500	3,110	1,400
from U.S.: actual	1,346	2,359				
based on 1955-59			2,277	1,650	2,053	924
based on 1960-62			2,277	1,650	2,053	924
Lard and animal fats, total	175	260 <sup>1</sup>	275	271	285	266
from U.S.: actual	86	147 <sup>1</sup>				
based on 1955-59			135	133	140	130
based on 1959-61			157	154	162	152
Cotton, total <sup>2</sup>	302	321	306	275	321	249
from U.S.: actual	110	106				
based on 1955-59			110	99	116	90
based on 1960-62			104	94	109	85
Million pounds						
Tobacco, total <sup>3</sup>	243	332	282	274	343	302
from U.S.: actual	161	148				
based on 1955-59			186	181	226	199
based on 1960-62			127	123	154	136

<sup>1</sup> 1959-61 average. <sup>2</sup> Except for 1960-62, total imports refer to cotton retained in the United Kingdom. All U.S. figures and total import figures for 1960-62 are imports whether retained or not. <sup>3</sup> Except for 1960-62, total imports refer to tobacco consumption. For 1960-62, total imports are actual imports of tobacco and manufacturers. Imports from U.S. are actual quantities imported.

## U. K. IMPORTS: CIRCA '75

What's the outlook for U.S. farm exports to the United Kingdom?

Despite increases in population and real consumer income, a new study sees only modest increases in U.K. imports of agricultural products by 1975 compared with 1960-62 levels.

Among major U.S. export commodities, only wheat and lard and animal fats are likely to gain a slightly larger market in Britain by 1975. U.S. tobacco exports will probably drop. Cotton exports will be about the same.

The original study was prepared by the Institute of Research in Agricultural Economics at Ox-

ford under contract to USDA.

A summary and evaluation of the study by ERS economists points out that trying to predict trade trends is at best a tricky business.

For example, the Institute report gives twelve projections on the value of total agricultural imports into the United Kingdom for 1965 and twelve more for 1975.

Projections are based on different combinations of variables: high or low rate of population growth, high or low feed grain prices, and high, middle or low annual rate of increase in productivity of the U. K. economy.

The most favorable projection both for total U.K. farm imports and imports from the U.S. (see table) assumes a low price for feed grains, a high population growth and a high rate of annual increase in productivity.

This projection shows a 10 per cent increase in agricultural imports by 1975 over 1960-62 levels.

The least favorable projection assumes high feed grain prices, a low rate of population growth and a low annual increase in productivity.

If this assumption proves correct, there will actually be a small decline by 1975 from the aggregate value of annual imports in 1960-62.

The projections assume the United Kingdom will continue present patterns of trade. If the U.K. joins the European Common Market and gradually drops its trade concessions to Commonwealth countries, the projections would have to be revised.

Many observers have felt that the United Kingdom's entry into the Common Market, if and when it comes, would perhaps influence the community to lower trade restrictions against farm imports from the United States and other nonmembers.

The ERS summary says this probably wouldn't be the case. Like other members, the United Kingdom would have to abide by the Market's Common Agricultural Policy. Under the policy, common tariffs have already been raised on some farm imports from non-Market countries.

These reservations aside, the Institute calculates that the U.K. import picture for major farm commodities will likely look this way:

—Gross imports of grain, compared with 1959-60 levels, will advance 7 per cent in volume by 1965, but decrease 9 per cent by 1975 as U.K. farmers increase their own production of feed grains. Cost of these imports should fall 10 per cent by 1965



and 22 per cent by 1975. But increased imports of animal products will probably offset the drop in grain.

—Net imports of all fruits, except dried, are expected to rise in volume 19 per cent by 1965 and 34 per cent by 1975, with costs rising 15 per cent and 29 per cent for the two periods.

—Imports of vegetables, including dried beans and peas, tomatoes, canned and fresh vegetables, should increase 8 per cent by 1965 and 12 per cent by 1975.

—The British will likely import 7 per cent more meat, cattle, fish and eggs by 1965, 12 per cent more by 1975.

—Net imports of milk products are expected to fall 10 per cent in volume and cost by 1965 and to maintain this lower level through 1975. (27)

However, almost half of these farmers have managed to enlarge their original farms by purchasing or leasing more land. Over four-fifths of the farms now have 18.5 to 74.1 acres (28)

## Refugees Flee to Western Germany In Search of Farmland and Freedom

Land and freedom—key words in the success story of the refugees who have fled to Western Germany since World War II.

By the end of 1962, the German population of roughly 55 million contained 14 million persons who had escaped communist oppression. Among the refugees were 400,000 farmers or farm hands and their families.

The German government and private groups undertook to resettle as many of these farm people as possible. By the end of 1960, 124,000 refugees were relocated on farmland they had purchased largely with interest-free government loans.

But with only 135,905 acres available for distribution, three-fourths of the holdings were too small to operate full time.

## Fiscal '63 Exports Near '62 High; Commercial Shipments Gain Slightly

Despite major setbacks to American agricultural trade, shipments of U.S. farm products during fiscal year 1963 nearly equaled 1962's \$5,142 million record. They totaled \$5,084 million—only 1 per cent below the previous year.

U.S. trade was bolstered by substantial increases in exports of feed grains, rice, soybeans, edible vegetable oils, protein meal, rye and vegetables.

Commercial sales for dollars during fiscal year 1963 exceeded the record set in 1962. They totaled an estimated \$3,545 million, or about 70 per cent of total agricultural exports.

The biggest blow to our agricultural trade came in August last year when the European Common Market imposed its system of variable import levies. U.S. exports of poultry meat and wheat flour took a nose dive, largely as a result of the EEC action.

Broiler and fryer exports to the EEC declined by two-thirds in August-May 1962-63, compared with a year earlier; wheat flour exports decreased by a third.

Cotton, too, ran into trouble in foreign markets. Increased foreign production by free world countries and reduced consumption in some markets resulted in a sizeable drop in U.S. shipments. U.S. cotton exports in fiscal year 1963 totaled 3.6 million bales, down 1.2 million bales from the previous year.

Besides the setbacks for wheat, wheat flour, poultry and cotton, there were serious declines in exports of tobacco and inedible tallow.

The longshoremen's strike in December and January was another obstacle to agricultural exports this year, though the effects were partially offset in later months. U.S. shipments were reduced by \$177 million in January 1963, compared with the same

month a year earlier.

If it hadn't been for the trade restrictions that developed in 1963, the year would in all probability have seen a new record for exports of U.S. agricultural products.

The 1963 exports of feed grains, at 15.3 million metric tons, exceeded 1962's record by 0.6 million metric tons. Exports were up substantially to the EEC because of poor crops in Italy and France. The expanding livestock industry in Western Europe and Japan also helped to increase U.S. shipments.

Exports of rice were 19 per cent above a year earlier, totaling 24.2 million bags in 1963 compared with 20.3 million in 1962.

U.S. exports of oilseeds and oilseed products exceeded 1962's record of \$636 million by \$146 million. (29)

## Imports of Fats, Oils and Oilseeds Totaled 1.2 Billion Pounds in 1962

Although the U.S. is largely a net exporter of fats, oils and oilseeds, we imported slightly more of these commodities last year than the year before. Most purchases supplement U.S. output.

All told, U.S. imports of fats, oils and oilseeds (oil equivalent basis) were 1.2 billion pounds last year. Imports totaled 1.1 billion in 1961 and the 1951-55 average ran 1 billion annually.

Three-fifths of the total, about 725 million pounds, was coconut oil and copra sent in by the Philippines. Next in line were shipments of castor oil and beans which came from Brazil and India. Nigeria produced most of the 84 million pounds of palm kernel oil we purchased last year. Most of the olive oil shipments of 58 million pounds came from Spain.

American firms bought 67 million pounds of whale and sperm oils during 1962. The remaining imports included smaller amounts of corn, palm and tung oils. (30)



## Wool Prices To Be Slightly Lower; Record World Production Expected

World wool prices moved up moderately from the beginning of the 1962-63 marketing season in August 1962 until June of this year when they were 15 to 25 per cent above the opening. This five-year high reflects the smaller stocks held by the manufacturing countries and the somewhat reduced 1962-63 production.

In general, the 1963-64 marketing season should show many of the same factors which dominated the past season. World wool prices, however, are expected to remain stable or to be slightly lower than at the close of the 1962-63 season, due to the anticipated record high production and the increasing use of man-made fibers.

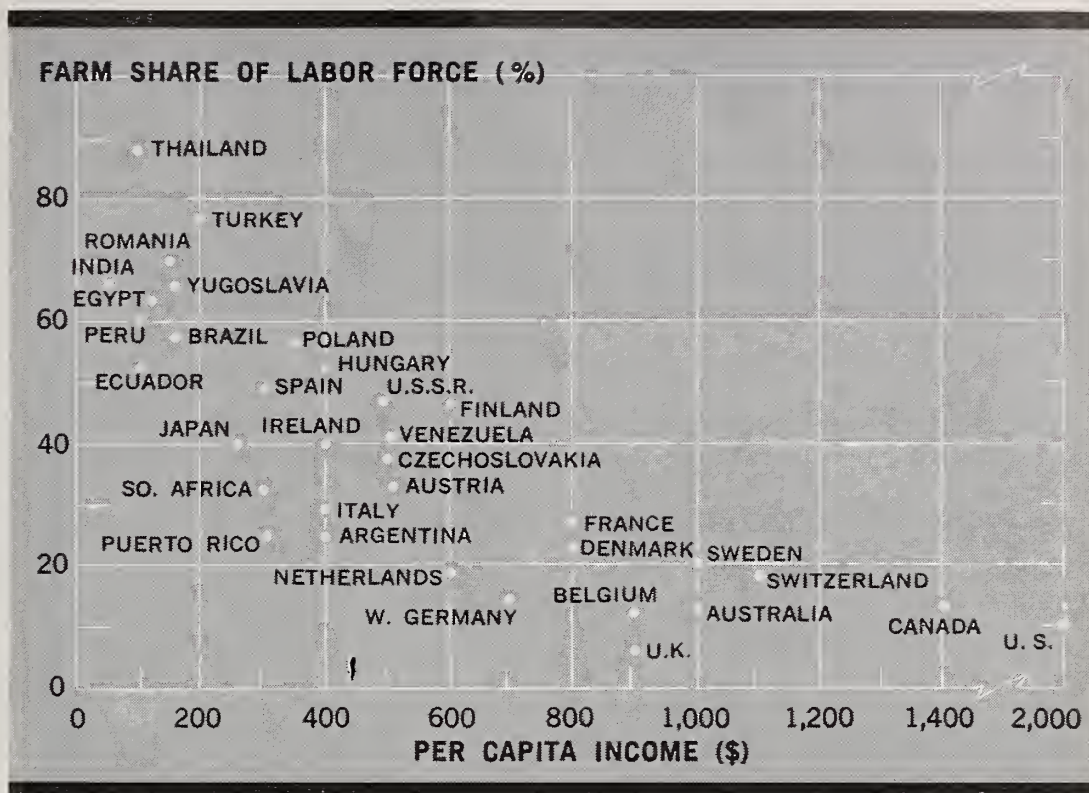
Preliminary estimates predict a 1963-64 world wool production of 5,750 million pounds, grease basis, which is 75 million above the previous year and 10 million more than the 1961-62 record.

The largest increase is expected for Australia, 75 million pounds more than in 1962-63.

World consumption, which usually increases with growing population and rising standards of living, should remain stable in 1963 because of the increasing use of other fibers. It is expected to reach 3,300 million pounds, clean content.

The drop in 1962 consumption (some 11 million pounds) is the net result of a rise of 5 million pounds in Soviet-bloc countries and a decline of 16 million in the non-communist world.

Wool exports from the five major producers of the Southern Hemisphere through April 1963 were 3 per cent less compared with the same period a season earlier. Of the five, only two, Argentina and Uruguay, registered increases while Australia, New Zealand and South African exports fell. (31)



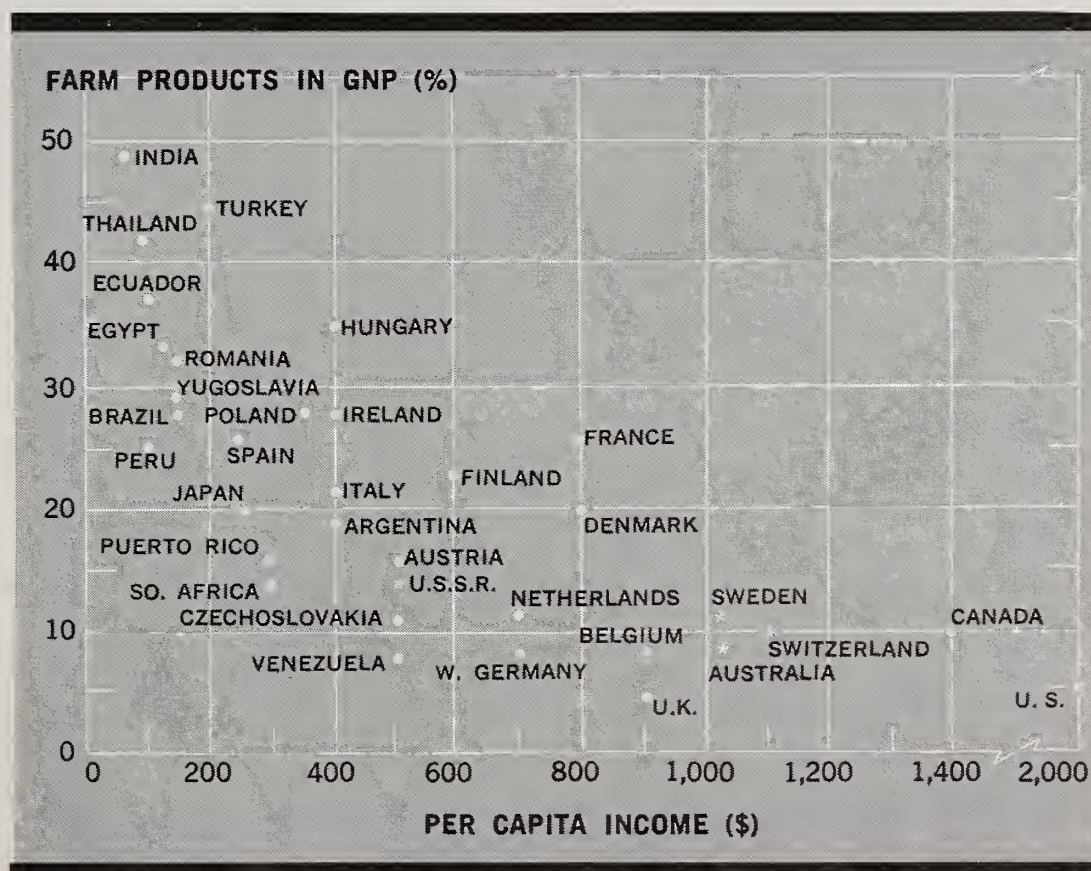
**FARM IS FACTORY'S FOUNDATION:** On the chart above pick a less developed country, such as Thailand, and a more developed country, such as Canada. Then look at the position of the same two countries on the chart below. The comparison shows that as agriculture contributes more workers to a growing nonfarm economy, the relative share of the GNP originating in agriculture drops and income per person goes up. And as a country steps up its agricultural productivity and output, it can turn its efforts toward building up the industrial sector. (32)

All figures are for about 1956

\* Estimated

U.S. DEPARTMENT OF AGRICULTURE

NEG. ERS 2204-63(7)





*Retailers feature chicken  
in weekly food ads and sell more birds  
to thrifty homemakers*

## FRYER IN AD = BIRD IN BASKET

Frying chickens have been a real bargain for the past several years, largely because of frequent, low priced special sales. Retail prices, including specials, gradually declined from 1957 through 1961. Many retailers featured special sale prices for fryers in their newspaper ads about one week a month. The housewives got the message. As a result, chicken has become a familiar item on American menus. Consumption per person is now around 25.5 pounds, a third again as much as we ate just five years ago.

To find out just what happens when your neighborhood supermarket features fryers as the weekly meat special, ERS econ-

omists checked newspaper food ads in leading papers in 10 of the largest U.S. cities during 1960-61. These researchers found the typical prices advertised for whole frying chickens by retailers in 10 cities averaged 31 cents a pound in 1960 and 27 cents in 1961.

Cut-up birds were often featured along with the whole fryers but usually were priced two to four cents a pound higher.

As was to be expected, retailers sold a lot of chicken when low price specials were featured—five large-volume retail firms averaged more than three times the amount of fryers sold in sale weeks than in nonsale weeks. But, if they reduced the prices without advertising, the volume of chickens sold didn't change very much.

The week following a sale, the volume of fryers sold by retailers dropped off sharply and prices usually returned to around the level of the week before the special. Generally, the volume sold the week after the sale was smaller than in the week preceding the special.

When fryers were featured several weeks in a row, sales tended to drop off in succeeding weeks. Apparently, during the beginning special sale weeks, many housewives bought more than the usual amount of frying chickens and put them in the freezer. Then too, the family no doubt wants a variety of meats in their meals even if chicken is more of a bargain.

However, more fryers were sold annually than probably would have been the case without the aid of special sales promotions. (33)

### Egg Consumption

Americans aren't eating as many eggs as they used to. Last year, for example, we ate 324 eggs per capita compared with 402 in 1954. This year we'll eat about 314.

During World War II, egg production expanded enormously. But most of the expanded production was shipped overseas to our allies.

When the war ended, egg exports dropped sharply and civilian egg use increased sharply. Since then, per capita egg consumption has gradually declined.

During each of the past three years, Americans have eaten a total of 4.9 billion dozen eggs compared with 5.1 billion in the mid-1950s.

Population growth in recent years has been enough to offset the decline in per capita egg consumption. (34)





## New Frills on Old Favorite Give Cooks Gourmet Dishes Every Time

Housewives seem to have taken to processed potato products with real gusto. From 1956 to 1961, per capita use of processed products, including frozen, canned, dehydrated, chip and shoestring potatoes, went up 14 pounds while fresh potato use dropped 4.8 pounds.

The reasons are clear. Processed potato products have built-in maid services that housewives like. Of course, this is true for many processed products. But potato dishes prepared from scratch have always been time-consumers. Now frozen potatoes au gratin, to name just one of many products, come ready to pop into the oven. No spuds to peel. No cream sauce to prepare. No cheese to shred.

In fact, the convenience of processed potato products has helped to reverse the trend in potato consumption. It fell from 198 pounds per person in 1910 to

106 pounds in 1950. By 1961-62, total consumption of potatoes, fresh and processed, was back up to around 113 pounds per person.

The large increase in consumption of processed potato products can hardly be explained by price and income changes. Other demand factors such as tastes and preferences probably had a greater effect.

This has been demonstrated by the increased demand for marketing services on the part of all income groups. In the case of processed potatoes, people are essentially substituting marketing services for a commodity less preferred.

Today potato freezing and dehydration plants are operating in each of the country's four major potato-producing regions. Processors are marketing more than 30 different potato products.

What's more, estimates show that the retail value of potato products processed in the last few years is close to the retail value of potatoes sold fresh. (35)

## WE'RE STILL EATING LOTS OF BEANS BUT DIFFERENT KINDS

For picnics. For cookouts. For Sunday night suppers and the children's lunch. Baked beans still tend to be a family favorite.

Since 1953 we've been eating almost eight pounds of dry beans per person, more than our grandparents did back in 1910. And recent ERS estimates see little or no decline in annual per capita consumption in the next decade.

What's more, a 1955 household food consumption survey, still valid today since food use doesn't change very fast, showed that the more families earn, up to \$6,000 a year, the more canned beans they purchase. In the next few years, increased use of canned beans is likely to about offset any decline in use of dry packaged beans.

But there have been some sig-

nificant shifts in the kinds of beans we eat. Total commercial output of limas in 1961-62, for example, was down 40 per cent from the war and early postwar years, a sixth below the Depression mid-1930s. Production of Great Northern beans is down too. Output of small reds has been cut in half since 1954-55, but this drop largely reflects the loss of our Cuban markets.

On the other hand, output of pinto beans in 1961-62 was three times that of the mid-1930s. More red kidneys were produced in both the 1961 and 1962 seasons than in most recent years. Production of pea beans has gone up steadily since the 1950s and by 1961-62 was 80 per cent above the Depression years. (36)

## Consumers Still Feel the Effects Of the Florida Freeze Last Year

The freeze that destroyed much of Florida's citrus crop last December appears to have frozen the housewife's pursestrings too—at least as far as her purchases of frozen orange concentrate are concerned.

Because orange juice supplies were down and prices up, housewives cut down on their purchases of frozen orange concentrate by 26 per cent last March compared with the same month a year earlier. But they bought more competing products.

Housewives, for example, fed their families almost 50 per cent more pineapple juice last March than they did in March 1962. Altogether, they served their families 300,000 more gallons of concentrates such as grape, grapefruit, pineapple and tangerine last March than they did a year earlier. This increase represents the largest volume of purchases of these products in recent years. In March this year, homemakers pushed up tomato juice consumption some 30 per cent—way above previous levels. The consumer drank a little more prune juice, too.

Despite the increased use of miscellaneous frozen concentrates, the overall use of frozen concentrates dipped some 19 per cent from the preceding March.

Although housewives cut down on their purchases of frozen orange juice last March, they bought 15 per cent more canned orange juice than a year earlier. They paid 44 cents for a 46-ounce can, about a nickel more than last year.

Last December's freeze continues to affect the housewife. Production of fresh oranges is expected to be down 25 per cent for 1962-63. Grapefruit production, too, is down—about 19 per cent, the lowest level since the late 1930s. (37)



### *Boost for the Budget*

Getting something for nothing is a foolish hope. But shopping for a bargain is every sensible housewife's daily occupation. And food is just such an attractive package.

The real cost of our No. 1 necessity is the lowest it's ever been.

In 1961, the average factory worker earned \$2.32 an hour. With the money from only one hour of his work, his family could buy either 11.1 loaves of bread, 8.8 quarts of milk, 4 dozen eggs or 2.2 pounds of steak.

Back in 1949 an hour's labor purchased 10 loaves of bread, 6.6 quarts of milk, 2 dozen eggs, or 1.6 pounds of steak. (38)

### **Total Food Purchases Rise in '63; Small Per Capita Increase Expected**

Americans continued to buy more food during the first six months of 1963 with January to June food expenditures up about 3 per cent over the comparable period for last year.

Rising population, growing currently by 1.5 per cent annually, and higher retail food prices accounted for this rise. In addition, a small increase in per capita consumption, particularly of meats, is evident.

Food prices rose by about 1.5 per cent during the first half of the year. The balance of the year, however, should witness relatively stable prices.

Total food consumption in 1963 should rise about 2 per cent from 1962, resulting in a small per capita increase. This increase in food consumption is typical of the entire post-war period.

In recent years, there has also been a gradual decline in food expenditures as a portion of disposable personal income. In 1962, for example, disposable income rose 5.5 per cent over 1961, but food expenditures were up only 3.8 per cent. (39)

### **Food Takes Smaller Bite of Income In Listing of April-to-June Expenses**

People had more money to spend—and spent it—in April-June this year than in the same three months last year.

Per capita disposable income, that is, income after taxes, climbed about 3 per cent to a seasonally adjusted annual rate of \$2,116.

Per capita expenditures for goods and services were up a little more than 3 per cent, so per capita savings dropped slightly. Per person we spent 5 per cent more on durable goods, 2 per cent on nondurable goods and 4 per cent for services.

While spending less of their incomes for food, people are spending more for other goods and services. By 1962 such expenditures took care of 73 per cent of our disposable income compared with 69 per cent in 1952. Prices rose only 17 per cent and accounted for less than half of the increase.

Food continues to be a bargain. The percentage of income spent for food dropped from 23 per cent in 1952 to 19 per cent in 1962. This percentage dropped in every year but two during the decade. It increased slightly between 1950 and 1951 and again between 1957 and 1958.

Total spent for food last year was \$394 per person compared with \$356 a decade ago, but only about 6 per cent of this \$38 increase represented higher costs of food. The rest reflected a shift by consumers to more expensive foods and foods involving more marketing services.

Consumers are still spending only 19 per cent of their disposable income for groceries. Actual expenditures in April-June were 1 per cent above a year earlier, mostly because of price increases, but with increased incomes the percentage for food remained constant. (40)

### *Soft Soap*

Soft soap is a matter of hard oil.

And coconuts are the leading source of the hard oil that goes into quick-lathering toilet soaps and shaving creams.

Inedible tallow and grease are far and away the most important sources of hard fats used in the manufacture of slow-lathering hand soaps.

American soap manufacturers used 860 million pounds of fats, oils, tall oil and rosin in soap in 1962. In 1950, manufacturers used about 1.9 billion pounds of the fats and oils. Since then, synthetic detergents have taken increasing shares of the market. (41)

### **U. S. Per Capita Rice Consumption Varies Sharply Among the States**

Who eats the most rice in the United States? In a special study made at the request of the rice industry, ERS researchers found that Louisianians lead in the rice race among the continental states. They eat 30 pounds a year. South Carolinians come in second with about 27 pounds.

Hawaiians, however, eat more rice than all the rest of us. They downed an average of 113 pounds last year. People in the Virgin Islands—U.S. islands in the Caribbean—eat about 50 pounds a year. And in Puerto Rico, per capita consumption of rice is 125 pounds.

In Alaska, New Hampshire and South Dakota, per capita consumption averages less than a pound a year.

California is ahead on total consumption. That state uses about 15 per cent of the total distribution.

Overall, per capita distribution in the 50 United States for direct food use is about 6 pounds of rice a year.

About half of the rice crop is exported every year. (42)



# RECENT PUBLICATIONS

*The following publications are issued by the Economic Research Service and cooperatively by the state universities and colleges. Unless otherwise noted, reports listed here and under Sources are published by ERS. Single copies are available free from the Division of Information, OMS, U.S. Department of Agriculture, Washington, D.C. 20250. State publications may be obtained from the issuing agencies of the respective states.*

**LIABILITY AND INSURANCE PROTECTION FOR FARMERS WHO HAVE INCOME-PRODUCING RECREATIONAL FACILITIES.** John D. Rush and Ralph R. Botts, Farm Production Economics Division. ERS-120.

As a source of side income, some farmers near cities are providing recreational facilities for the use of fee-paying guests. The ordi-

nary personal liability or "farm owner's" policy does not cover these income-producing recreational facilities. This report discusses the liability involved in operating such recreational facilities and the type of insurance needed to provide financial protection against lawsuits arising from their use by fee-paying guests. (See p. 11, this issue.)

**SWEETENERS USED BY THE CONFECTIONERY INDUSTRY — THEIR COMPETITIVE POSITION IN THE UNITED STATES.** Roy A. Ballinger and L. C. Larkin, Marketing Economics Division. Agricultural Economic Report No. 37.

The confectionery industry—candy, candied fruits and other confectionery products, chewing gum, chocolate and cocoa products—uses a larger quantity of corn sirup, more than one-third of the

total consumption, than any other food industry in the United States. It also uses nearly one-tenth of the sugar and more than one-twentieth of the dextrose consumed in the United States. The purposes of this report are to determine trends in type of sweetener used, to provide information on problems and practices of the industry and to analyze competition among producers.

**THE TEXAS-OKLAHOMA MEAT INDUSTRY — STRUCTURE AND MARKETING PRACTICES.** Raymond A. Dietrich, Marketing Economics Division, Willard F. Williams, Oklahoma State University, and Jarvis E. Miller, Texas Agricultural and Mechanical College. Agricultural Economic Report No. 39.

The most important finding of this study is that substantial change in the structure of the Southern Plains meat industry likely will be required within the next several years. Pressures for change already are apparent and arise out of a variety of revolutionary developments. The basic economic forces of change are discussed in this report.

**AN EVALUATION OF WEST GERMANY'S DOMESTIC AGRICULTURAL ASSISTANCE PROGRAM.** Alexander Bernitz, Regional Analysis Division. ERS-Foreign 52.

While the farm income situation in West Germany is expected to improve during 1962-63, the comparable nonfarm income position also is forecast to improve—but at a slower rate. Therefore, disparity between farm and nonfarm incomes is expected to show some narrowing during 1962-63, although continuing as a major problem facing German

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agricultural policy makers and farmers. Unsatisfactory incomes in West German agriculture are to a large extent due to many farms being too small to make full use of modern techniques.

**THE FUTURE FOR COTTON IN LAMINATED PLASTICS.** Richard Hall, Marketing Economics Division. MRR-619.

Cotton is being used in small but increasing amounts as the fiber content in some types of laminated structures. This report presents an analysis of this potential industrial market for cotton laminates and recommends the most promising areas for technical research and market development for cotton.

**FREEZE-DRIED FOODS: PALATABILITY TESTS.** Kermit Bird, Marketing Economics Division. MRR-617.

None of the 28 foods evaluated received an "unacceptable" score as to palatability, and two-thirds of them were as good as the processed foods with which

they were compared. Palatability is rated in terms of general acceptance and five quality characteristics: appearance, flavor, juiciness, texture, and tenderness. The items tested included beef, pork, chicken, seafoods, soups and several mixtures of foods.

**COTTAGE CHEESE AND FROZEN DESERTS: COST OF PRODUCTION IN DIVERSIFIED MILK PLANTS IN KANSAS, MISSOURI, AND OKLAHOMA.** W. Webster Jones, Marketing Economics Division. MRR-620.

Cottage cheese and frozen desserts are integral parts of most fluid milk operations. Together these products constitute the main outlet for surplus milk; therefore, the costs of making them and the returns from their sales have a direct bearing on milk pricing.

**SUMMARY AND EVALUATION OF UNITED KINGDOM: PROJECTED LEVEL OF DEMAND, SUPPLY, AND IMPORTS OF FARM PRODUCTS IN 1965 AND 1975.** Eric Englund and Alexander Bernitz, Regional Analysis Division. ERS-Foreign-50.

This is a summary of ERS-Foreign-19 published in January 1962, a report prepared for U.S. Department of Agriculture by the Institute for Research in Agricultural Economics, Oxford, England. The most striking feature of the import projections for 1975 is the very modest increase over the levels of 1960-62 in aggregate value despite increased population and consumer real income. (See p. 17, this issue.)

**AGRICULTURE IN THE UNITED STATES AND THE SOVIET UNION.** Harry E. Walters, Regional Analysis Division. ERS-Foreign-53.

This report compares agricultural conditions and production in the United States and the Soviet Union, utilizing current statistical information. It compares general features of climate, soils, land utilization, capital and labor inputs, and agricultural organization and management. It provides in tabular form a comparison of sown areas, yields, and production of a number of crops, as well as livestock and livestock products.